

HPSCI BRIEFING
FOR
16 SEPTEMBER 1986

Agenda Items

[Redacted]

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Suriname: Guerrilla Threat to the Bouterse Regime (TPs & map)

Bolivia: Update [Redacted] (TPs)

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Philippines: The Political Outlook (TPs and table)

③ { Philippines: The Economic Outlook (TPs)

{ Philippines: The State of the Communist and Muslem Insurgencies (TPs)

[Redacted]

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Lebanon: Specifics on the Recent Kidnapings (TPs will be late)

Lebanon/Syria: Impact of the Kidnapings (TPs & map)

[Redacted]

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Background and Other Information

Afghanistan: The Insurgency This Summer (TPs from last week)

Iran/Iraq: Larak Island Crude-Loading Terminal (NID of 11 Sept)

[Redacted]

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The Philippines: Political Developments

President Aquino is probably hoping that her visits to Washington and New York will underscore her leadership credentials and help her cope with a host of domestic difficulties when she returns to Manila later this month.

Tensions between Aquino's civilian advisers and Defense Minister Enrile continue unabated. Aquino has resisted pressure to dismiss Enrile from Executive Secretary Arroyo and other Cabinet members [redacted] but she has attempted to limit his political maneuvering.

Enrile
fen 25X1
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- Prior to Aquino's departure for the US, Enrile and most other Cabinet members reaffirmed their confidence in her leadership and dismissed the possibility of any threats to the government while she was away.
- Enrile, however, has recently intensified his open criticism of the government's ceasefire efforts and hinted that he would "intervene" or resign if the Communists made substantial gains. Last week he said publicly that he was losing patience with fellow ministers who claim he is a threat to government unity.
- Nonetheless, Aquino has demonstrated that Enrile would not be excluded from policymaking by creating a National Security Council--a move he had urged--and appointing him to it.

Moderates on the Constitutional Commission have enough votes to ensure a non-controversial draft acceptable to Aquino, but the proceedings will probably continue for several more weeks. Aquino faces a tough fight for ratification of the constitution in the plebiscite expected in December--a vote her opponents will attempt to turn into a referendum on her leadership.

Constitution

Dec vote

- Floor debate on the anti-bases provisions is now underway. Radical elements in the commission almost certainly recognize that their proposal will not carry, but they are likely to stage demonstrations and use delaying tactics in an attempt to embarrass Aquino.
- The Embassy says the outlook on anti-nuclear provisions is less clear, because some of the delegates who support retention of the bases are also likely to support a nuclear weapons ban. So far, however, only the radical minority appears to think that such a ban would necessarily limit US access to the bases.
- Leftist groups are preparing to launch a campaign against ratification of the constitution. Former Marcos loyalists also plan to reject the document unless Aquino and Vice President Laurel submit their mandate to another election--an unlikely prospect.

Anti-base

anti-nuclear

left/Marcos oppos

Opposition political groups on both the left and the right are organizing to challenge Aquino's coalition in local and legislative elections expected next spring, after ratification of the constitution.

Elections
next
spring

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-- The formation last month of a new leftist political party--the Partido ng Bayan--reflects the Communist Party's shift in tactics, in a bid to capitalize on the new democratic political environment. The Party also wants to avoid its previous mistake of boycotting elections, which led to a major internal debate and a change in Party leadership last spring, [REDACTED]

Communists
new
party

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Assessing Aquino's Performance: A Mixed Bag

Pluses

Minuses

Improving the Economy

Moved quickly to dismantle inefficient sugar and coconut monopolies...complied with most IMF and World Bank policy requirements, including broadening tax base and agreeing to liberalize import restrictions.

Appointed leftist labor minister who has alienated much of business community...resulted in labor unrest, critically low levels of foreign and domestic investment...has yet to tackle rural economy.

Consolidating Power

Dismantled Marcos's political machinery and deprived opponents of resources by declaring provisional government, abolishing National Assembly, appointing new local officials and sequestering holdings of known Marcos associates.

Persistent lack of coalition unity will leave Aquino vulnerable when local elections are held next spring...many officials appointed by Local Government Minister have proven unpopular...has not resolved civil military tensions in cabinet.

Reforming the Military

Has improved leadership by retiring corrupt senior officers and replacing them with reform-minded professionals...better morale and discipline has helped lower human rights abuses.

Interventions in promotion process have aggravated interservice rivalries and prompted charges that Aquino is politicizing promotion process as Marcos did...military budgets still underfunded.

Revamping Counterinsurgency

Has renewed efforts to entice Communists in from the hills by releasing political prisoners, offering regional amnesty programs...ordered military to assume defensive posture during national level ceasefire talks...formed NSC.

Has failed to formulate comprehensive counterinsurgency plan...alienated military leaders who believe that insurgents are using ceasefire talks as cover to renew political and military operations.

Implementing Political Reform

Appointed commission to draft new constitution to be ratified by national referendum this fall ...called for local and national elections as soon as constitution is approved.

Accused of resorting to authoritarian methods after abolishing National Assembly, appointing rather than allowing elections for local government officials and constitutional commissioners...failed to keep constitutional commission on schedule

The Philippines: Economic Outlook

As President Aquino comes to Washington, for the first time in recent years the economic news out of Manila is not all bleak. The two-year recession bottomed out late last year and, according to our econometric simulations, the economy could grow by nearly 2 percent this year and 6 percent next year. In addition, our index of leading economic indicators suggests that an upturn in the economy is underway.

growth
2 0/10
6 0/10

- o On the policy front, Finance Minister Ongpin dismantled marketing monopolies in sugar, coconut, and tobacco. Restrained growth in the money supply has helped keep inflation in check and stabilized the peso's exchange rate. Manila has introduced tax reforms and promised to reorganize failing financial institutions and lower barriers to imports, as part of its negotiations with the IMF for a \$500 million balance-of-payments loan.
- o Economic moderates on the commission writing a new constitution have defeated leftists' proposals that would have severely restricted foreign investment and protected Philippine producers from competing imports.
- o The country's external finances will probably be sufficient to support a recovery. For example, aid donors have pledged over \$750 million in financial assistance this year and we believe that more than \$1 billion may be raised next year. Negotiations with foreign banks and aid donors are almost certain to result in rescheduling debt payments due between 1987 and 1991.
- o The Philippines remains seriously overborrowed with its \$27 billion in foreign debt, however. Funding a major rural development effort and sustaining a recovery beyond next year will require foreign assistance levels additional to those currently pledged.

inflation
exchange rate
OK.

IMF
\$500 m

\$750 m
aid
'86

\$1 b.
'87

We believe that the economic recovery is in doubt, however, as long as investors remain on the sidelines. According to US Embassy reporting, the business community is concerned about

investment
?
key

Labor Minister Sanchez's sympathy for leftist unions, that leftists dominate policymaking in Aquino's government, that a conciliatory approach to the Communist insurgents will backfire, and that the administration's inexperienced managerial staff is crippling efforts to implement economic programs.

- o Investor confidence has been eroded by repeated rumors of impending coups. As a result, foreign corporate investments since January are running at half of last year's rate.

fr. invest.
1/2 last
year
rate

The long-term economic recovery is even more of a problem if Manila cannot put in place an effective rural economic strategy.

- o Manila has made little progress in revitalizing the rural economy where close to three million Filipinos are jobless. For example, the government's \$500-million crash program to generate rural jobs is bogged-down in paperwork and appears designed primarily to gain votes for leading political figures.
- o Consumers, small businessmen, and organized labor are likely to resist exchange rate, tariff, pricing, and tax policies designed to boost the rural economy if they believe those policies would hurt urban industries or raise consumer prices.
- o In addition, Manila's economic planners cannot count on sustaining economic growth with exports. Commodity prices this year are at historically low levels and most economists expect little improvement for at least the next few years.

Commodity
exports
not
promising

The Philippines: State of The Communist and Muslim Insurgencies

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The Communist insurgents continue to consolidate gains in areas that they control and to expand into new areas by strengthening their political organization.

Ceasefire talks between the government and Communist insurgent representatives are stalled largely because the Communists have postponed meetings and placed unreasonable conditions on the start of talks. Aquino is apparently frustrated with these and may be considering more aggressive military actions.

Cease-fire
talks
stalled

- According to the Embassy, in the last month Communist negotiators and government emissaries have met three times. At the most recent session, the Communists made several unacceptable demands, including the withdrawal of government troops from contested areas and recognition of the insurgents as legitimate belligerents.
- Both sides appear to be taking advantage of the time afforded by the talks to prepare for renewed military activity if and when the talks fail.
- The government continues to pursue regional ceasefire agreements, partly in an effort to aggravate splits within insurgent ranks. On Saturday, Aquino met Father Balweg, leader of the Cordillera People's Liberation Army, and presided over the signing of a ceasefire in the Cordillera Region of northern Luzon.

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Even though the Philippine Army is in a defensive posture, the military

Army
defensive
posture

is still patrolling the countryside and performing civic action projects.

- The military is using the period of reduced activity to improve its capability through training and redeployment of manpower. However, severe shortages of equipment and supplies, particularly helicopters, trucks, radios, boots, uniforms, and rations are preventing any effective, sustained combat operations against the insurgents. *shortages*
- The Embassy reports the Army is stepping up civic action programs to counter the political activities of the CPP, but press reporting indicates that poor management, lack of resources, and corruption has made most of these programs ineffective.

Aquino's efforts to bring about a ceasefire and accommodation with the Muslim minority is showing promise. She met with Nur Misuari--leader of the largest Muslim insurgent faction--in the southern Philippines earlier this month and they agreed to a temporary ceasefire and the creation of panels for further talks. *Muslim
cease -
fire*

- Negotiations will be held under the auspices of the Organization of Islamic Conferences at a location to be determined. Aquino is offering limited autonomy in accordance with the 1976 Tripoli Agreement and provisions in the draft constitution. Misuari is seeking total political autonomy for all of Mindanao, Sulu, and Palawan including control over internal security, taxation, and foreign policy.
- other Muslim factions are threatening to disrupt any agreement unless they are included in the negotiations. For example, a clash between government troops and Muslim insurgents last week broke the ceasefire.

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Talking Points for the ADDI

15 September 1986

Update on Recent Kidnapings of US Citizens in Lebanon

It is still not clear what group is responsible for the abductions in West Beirut last week of Frank Reed and Joseph Cicippio. Several terrorist groups, including conflicting claims by Islamic Jihad and a group calling itself the Arab Revolutionary Brigades of Umar al-Mukhtar have claimed responsibility, but none have presented the usual evidence--a videotape or a photograph--to substantiate its claim. We do not believe that the Hizballah faction led by Imad Mughniyah, which is currently holding Terry Anderson, Thomas Sutherland, and David Jacobsen, was involved in the abductions.

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--The operations were similar in some details to previous abductions carried out in West Beirut by "Islamic Jihad," a cover name used by several radical Shia factions in Lebanon.

--The victims were associated with the American University of Beirut or local, Western-affiliated schools.

--Spokesmen for Islamic Jihad first claimed and later denied responsibility for the Reed kidnapping. A group calling itself Arab Revolutionary Cells claimed over the weekend it had kidnapped both Reed and Cicippio.

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--The fact that both men were married to Lebanese or Syrian wives and were converts to Islam apparently afforded them no protection.

The abductions could have been conducted by free-lance thugs in Beirut looking to sell hostages to Libya, to drug merchants, or to Mughniyah's Hizballah faction. Beirut has many criminal groups and militias who prey on Lebanese as well as foreign nationals for ransom money.

--A group using the name Arab Revolutionary Cells may have been involved in the kidnaping and selling of US hostage Peter Kilbourn and two British hostages to the Libyans in March. All were killed in April following the US airstrikes against Libya. Moreover, the Umar al-Mukhtar faction may have been connected to the attack on the British base at Akrotiri in August.

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[REDACTED]

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[REDACTED]

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The kidnappings may also have been intended by the Hizballah or by pro-Arafat, anti-Syrian Palestinian factions to embarrass Syria.

--They took place in an area of West Beirut ostensibly under Syrian control and, according to press reports, not far from Syrian security headquarters. [REDACTED]

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--They occurred following heavy Hizballah-Amal fighting in the Bir al-Abid area of Beirut; Hizballah sees Amal as a Syrian surrogate and may have chosen to retaliate to embarrass both Damascus and local Amal leaders. [REDACTED]

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--Reed's wife is a member of a prominent Syrian family; her cousin was a former Chief of Protocol. [REDACTED]

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We cannot rule out personal motives in the case of Reed, who was apparently having marital difficulties at the time of his abduction. [REDACTED]

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[REDACTED]

25X1

[REDACTED]

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15 September 1986

Talking Points on Suriname for ADDI

Plagued by incompetent military leadership, failing troop morale and possible defections, the six-year-old regime of Desire Bouterse has made little headway in controlling guerrilla activity in the east.

6 ms
Bouterse
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- Since mid-July, there have been at least seven confirmed rebel attacks in eastern Suriname, bringing acknowledged military casualties to about 19 and possible defections to more than a dozen in the 2,000-man Army.
- A civilian helicopter supplied by a Brazilian firm to upgrade the military's search and transport capabilities reportedly was destroyed by the rebels. The Surinamese apparently have no other helicopter in their inventory at this time.
- State-controlled media claim that the military destroyed the rebels' base camp last week, but there are no confirmed reports of rebel casualties.

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Rebo
destroyed

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There is growing evidence that civilian and military support for Bouterse is thin.

- Leaders of Suriname's traditional parties and some labor unions have publicly supported Bouterse during the crisis, partly out of fear, but the populace has not rallied behind him.
- The military has alienated the Bush Negroes who control eastern Suriname, and some may be at least passively supporting Brunswijk, himself a Bush Negro.

No popular
support

alienated
East.

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- If Bouterse tries to maintain power in the face of continued guerrilla activity, he may eventually accept offers of assistance from Libya or other radical states.

Libya
assist 25X1

If the regime falls -- which seems unlikely in the near-term unless Bouterse continues to lose the support of the military or the rebels dramatically improve their fundraising, supply, and political

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organization -- there would be a substantial chance of prolonged instability. Unlike the case in 1980 when Bouterse and his group of sergeants seized power, the Army probably would not be united.

- Should Bouterse be ousted by the military or voluntarily relinquish power, the armed forces would probably choose one of their own to try to fill the power vacuum. We have little information on possible military successors, however, and the military could fracture.
- Although the traditional parties probably would try to resist ceding power to another military dictator, they may be fearful enough of an exile-inspired coup led by former bank robber Brunswijk to try to enlist the help of an apolitical military leader who would ostensibly return to the barracks after defeating the rebels.
- In the unlikely event Brunswijk seized power, he would probably lack sufficient support in the military to consolidate his position. Little is known about the political ideology of Brunswijk or those who claim to work with him. The claim of some exiles that he has a political program calling for a return to democracy and severance of relations with such countries as Libya is obviously designed to win Western backing,
- Should the rebels turn to exile leaders to govern, factionalism among the disparate foreign groups would damage their ability to control the government. Moreover, the traditional parties and labor unions that recently won some political concessions from Bouterse would be wary of cooperating with exiles, who lack internal support.

armed
forces
would
succeed
TB.

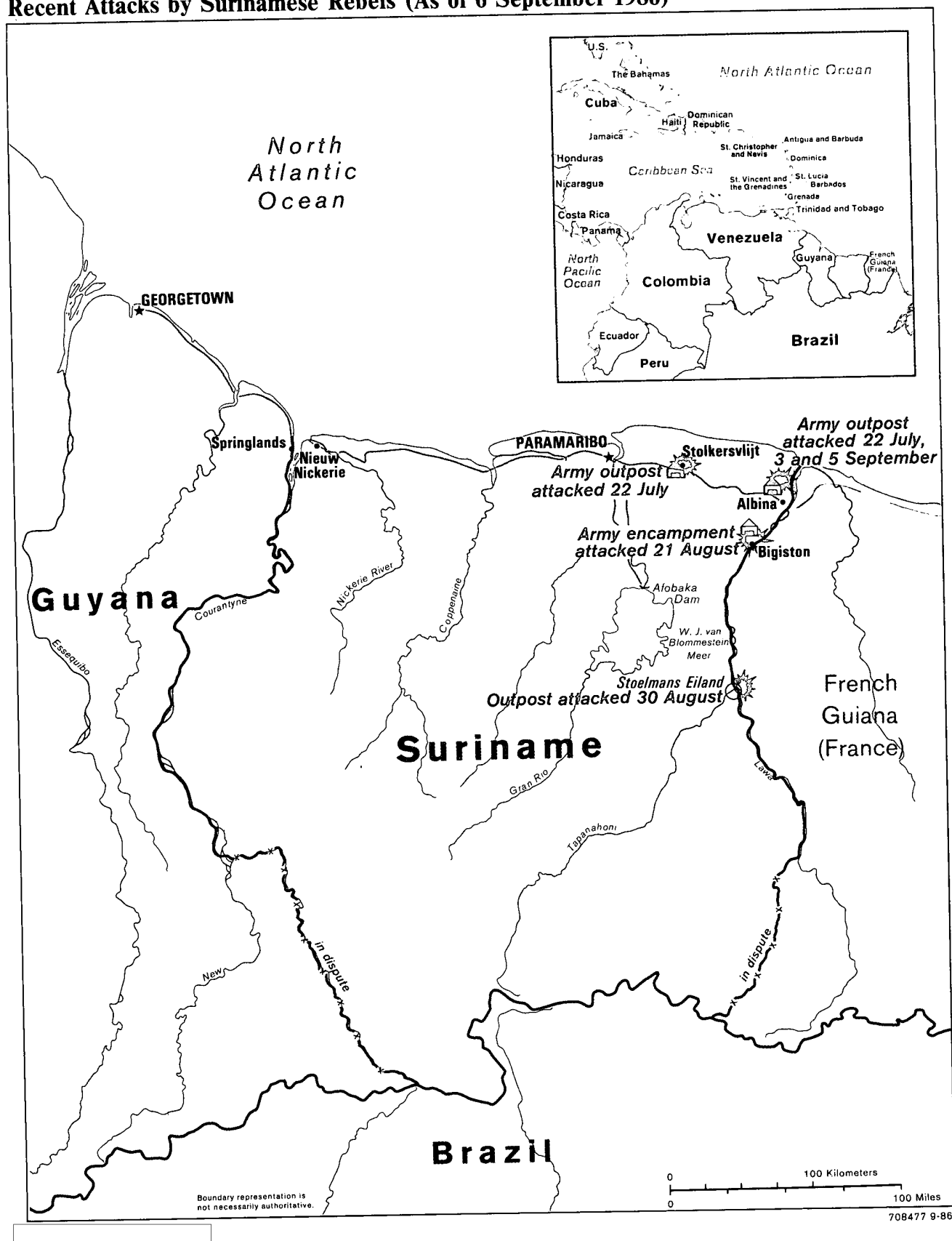
Brunswijk
no
ideology

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Recent Attacks by Surinamese Rebels (As of 6 September 1986)



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16 September 1986

Talking Points for DDIBolivia: Operation Blast Furnace

The joint US-Bolivian antinarcotics raids gained momentum during the past week as weather conditions cleared and maintenance was completed.

- The joint forces conducted 17 raids during the week 5 to 11 September, turning up three narcotics transshipment points and three abandoned cocaine processing facilities. The total of successful raids for the operation now stands at 11 cocaine processing facilities or caches of cocaine-processing chemicals and 10 drug transshipment points.
- The raid of Sunday 7 September turned up the largest cocaine-processing facility yet discovered during the operation. The laboratory--which included 12,000 gallons of ether, tents, generators, tractors, semi-trailers, and motorcycles--was capable of producing up to 6,000 kilograms of cocaine hydrochloride per week. No drugs were found, and no arrests were made.

one
week:
17 raids
}processing

7 Sept
biggest

The first drug-related violence in recent memory jolted Bolivia this week when a prominent scientist, his pilot, and guide were murdered by traffickers who mistook them for policemen.

Scientist
murdered

- The traffickers, thought to be Brazilian, may have been on edge because of the sustained crackdown by antidrug forces.

La Paz formally asked the US to extend Operation Blast Furnace until mid-November to ease transition to a Bolivian-run operation.

- Secretary Weinberger approved the extension of Operation Blast Furnace until 15 November or the onset of the rainy season, whichever comes first.
- Hugo Banzer, leader of the main opposition party--with which the Paz Estenssoro administration has a working relationship--told our ambassador last week that he fully supports the joint operation and asked that the effort be sustained.
- To gain public support for the extension, La Paz is likely to ask the US for increased operational and economic assistance to Bolivia.

Talking Points For ADDI HPSCI Briefing

Syria-Lebanon: Impact of Kidnapings

15 September 1986

Damascus is likely to view the kidnapings of two more US citizens in west Beirut as provocations meant to undermine Syrian credibility in Lebanon. [redacted]

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Hizballah claimed--and then later denied--responsibility for the kidnaping Tuesday of Frank Reed. According to press reports, a group calling itself the Arab Revolutionary Cells has now claimed responsibility for Reed's kidnaping and that of James Cicippio, who was taken from the campus of the American University of Beirut last Friday.

--Regardless of who is responsible, Damascus has been embarrassed by the kidnapings, the first in more than a year, in areas covered by the Syrian security plan. [redacted]

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Challenges to the Syrian security plan could complicate efforts to expand their security presence beyond the capital and undermine the political dialogue presently underway between Christians and Muslims.

--The Syrian-backed dialogue committee has held two high level meetings so far which have called for a ceasefire and constitutional reform. [redacted]

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[REDACTED]

--Early last week, the Shia fundamentalist Hizballah instigated a series of clashes with the Syrian-backed mainline Shia Amal militia, apparently in an effort to challenge Amal's presence near the airport, a focal point of the Syrian security plan.

--Hizballah has also stepped up its attacks in south Lebanon on UNIFIL and the pro-Israeli Army of South Lebanon. The increasing tensions in the south could undermine the political dialogue in Beirut. [REDACTED]

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The current Syrian security force is not big enough to limit the activities of those opposed to the Syrian presence and Damascus must rely on local allies for enforcement.

--These surrogates are unreliable, however, and are not easily coaxed to do Syria's bidding.

--Damascus continues to avoid making a major military commitment to bringing Lebanon's domestic chaos under control. We believe Syria is unlikely to achieve its goals without greater military involvement. [REDACTED]

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The kidnappings are dramatic examples of the limits of Syrian power in Lebanon and serve to undermine all other Syrian initiatives there. Without a quick resolution to the latest kidnappings or dramatic moves to cow its adversaries, Damascus faces the prospect of another embarrassing policy failure in Lebanon. [REDACTED]

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TALKING POINTS
AFGHANISTAN
8 September 1986

Afghanistan: The Insurgency This Summer

In fighting this summer, Afghan insurgents increased their activity in the major cities and in the northern border provinces, easing concerns that the Soviets and their Afghan allies were on the way to establishing clear control in these areas. The Soviets and Afghan regime forces mounted operations both in response to insurgent attacks and to interdict insurgent logistics. Their effort against resistance logistics has made supply movement much more difficult and expensive for the insurgents. We still do not believe that either side has "turned the corner". [redacted]

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In the cities:

--Kabul. The frequency and intensity of rocket attacks and explosions in the capital area increased sharply in July. Insurgent rockets destroyed an estimated 300 metric tons of ammunition at a storage area north of Kabul. An Afghan regime surface-to-air missile support facility suffered heavy damage and casualties, as the result of a rocket attack in late August.

--Herat. The insurgents frequently battled Afghan regime and Soviet forces in Afghanistan's second largest city this summer. The Soviet and Afghan regime have made repeated, but unsuccessful, attempts to clear the city of guerrilla forces and have razed wide swaths around the old quarter, an insurgent stronghold.

--Qandahar. In the third largest city, the insurgents have maintained a high level of activity, although security rings around Qandahar have created increased problems for the guerrillas. Soviet and regime forces have failed to extend the area they control much beyond the airport and the road into town during this summer's numerous battles. [redacted]

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Increased guerrilla activity in the northern provinces apparently sparked a month-long multiregimental offensive by Soviet and Afghan regime forces in Badakhshan and Takhar Provinces in early summer. Panjsher Valley commander Masood has been organizing resistance groups and working to raise the overall level of fighting in the area.

--Guerrilla groups under Masood's command recently overran a government base in Takhar province, capturing over 200 government troops, [redacted]

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In the summer's major counterinsurgent operations, Soviet forces took the lead in the efforts to secure key lines of communication and reduce the insurgent threat in the cities. The Afghan armed forces--under-manned, demoralized, faction-ridden, and ill-equipped--remain unable to undertake large-scale operations on their own. Although the multiregimental Soviet operations this summer had limited returns, the Soviets are likely to continue mounting such sweeps periodically in conjunction with more use of airpower and actions by special purpose forces against insurgent targets.

[REDACTED]

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Resistance fighters are concerned about the effects of counterinsurgent measures on their capabilities for continued heavy fighting this fall:

--Supply lines from Pakistan remain under pressure, causing rerouting of some shipments and driving up costs of transporting materiel.

--Retaliatory policies in border provinces by the Soviets and regime forces--that have driven out civilian supporters of the resistance--are adding to the insurgents' logistic burden.

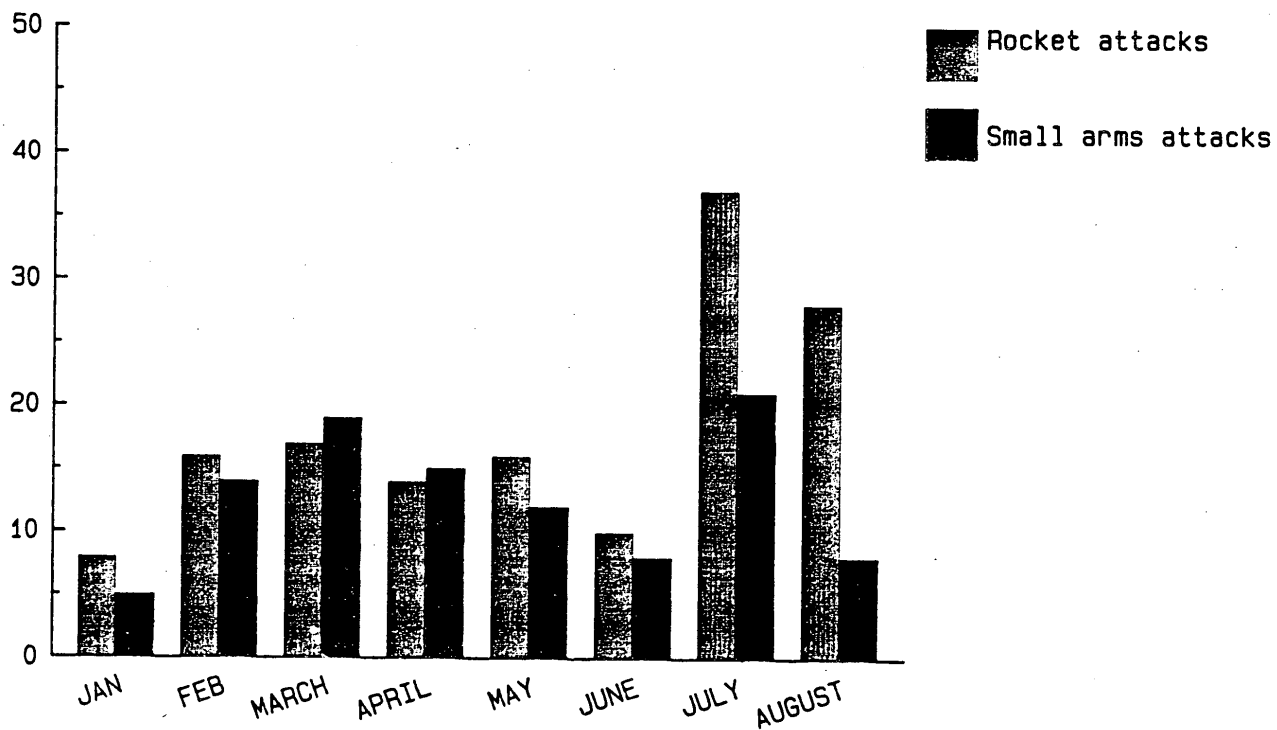
--The expansion of security zones and outposts around major urban areas and the growth of militia forces are posing a greater threat to the guerrillas' freedom of movement.

[REDACTED]

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MILITARY ACTIVITY IN KABUL Jan-Aug 1986



Top Secret

IRAN-IRAQ: Larak Island Crude-Loading Terminal

Iran is trying to rely on its tanker shuttle operations rather than undertaking additional pipeline projects. [redacted] crude oil and product transloading operations are continuing at Larak Island. The US Embassy in Riyadh reports that Japanese Embassy officials in Tehran believe that Iran's oil exports are recovering from recent problems with the shuttle created by Iraqi attacks and bad weather. [redacted]

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Comment: Tehran's plans to move shuttle operations to Hengam Island—where waters are calmer—have apparently been delayed to prevent further reductions in oil exports. August exports were reduced by at least 200,000 barrels per day from July levels because of Iraqi attacks, maintenance problems, and bad weather.

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Top Secret

11 September 1986

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CANADA-US: Ottawa Rejects Cruise Missile Tests

Ottawa's decision this week to deny the US permission to test advanced cruise missiles on Canadian ranges marks the growing role of domestic politics in security policy. Canadian officials claim the proposed test this winter is not covered by the Trudeau government's 1983 decision to permit testing in Canada. They also cited concern about the current status of arms control negotiations as a reason for the decision. [REDACTED]

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Comment: Prime Minister Mulroney's decision almost certainly results from a renewed determination to revive Tory political fortunes as the second half of his term begins. The decision may reflect the advice of his new chief political strategist on offsetting opposition claims that Ottawa too readily follows US policy. Opposition from the foreign ministry, probably related to the effect of US deployment of cruise missiles on SALT II, also is likely to have influenced Mulroney. Ottawa claims to be willing to reconsider the issue, but Tory strategists are likely to try to avoid doing so before the next election, probably in 1988. [REDACTED]

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Top Secret

12 September 1986

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